

Economy Act Deobligation Requirements

The authority for agencies to enter into an interagency agreement, placing an order with a major organizational unit within the same agency or with another agency for goods and services, is known as the Economy Act. Both financial and procurement personnel are reminded that the Economy Act requires obligated funds that have not been earned to be deobligated when the appropriation that is funding the agreement expires. The specific criteria for determining when these deobligations must occur is provided in 31 United States Code § 1535, as provided below.

(d) An order placed or agreement made under this section obligates an appropriation of the ordering agency or unit. The amount obligated is deobligated by the ordering agency to the extent that the agency or unit filling the order has not incurred obligations, before the end of the period of availability of the appropriation, in—

- (1)** providing goods or services; or
- (2)** making an authorized contract with another person to provide the requested goods or services.

The OCFO and Procurement personnel must ensure that, when required, funds on each interagency agreement are deobligated as described in this provision. If NASA is the provider and has not awarded a contract or otherwise obligated all of the funds provided to fill the order, the customer must be notified and the funds returned prior to expiring. If NASA is the customer (the ordering agency), the provider should notify NASA if the funds will be not obligated to fill the order prior to the funds expiring and that deobligation is needed. The OCFO receives financial information on declining balances as the customer organization obligates the funds and the OCFO can determine if there is risk of expiring funds that may need to be deobligated by Procurement.